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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
800 Database Access Tariffs and the)
800 Service Management System Tariff)

CC Docket No. 93-129

MOTION FOR LEAVE TO FILE
OUT OF TIME

Ameritech herein moves for leave to file the attached Reply To Oppositions To The Direct Case Of Ameritech in the above docket.

In support thereof, Ameritech states that the undersigned, attorney for Ameritech, became ill on May 3, 1994, and was unable to complete the Reply in time for it to be filed on May 5, 1994, the specified filing deadline. Ameritech was unable on this short notice to assign another attorney to complete the Reply before the filing deadline. Upon the undersigned's return to the office, the Reply was promptly completed.

Because this is the final round of comments in the above docket, no party will be prejudiced by the granting of this motion. Therefore, Ameritech asks that this Motion for Leave to File Out of Time be granted.

Respectfully submitted,

AMERITECH

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REPLY TO OPPOSITIONS TO
THE DIRECT CASE OF AMERITECH

Ameritech¹ respectfully submits this Reply to the Oppositions filed on Ameritech's Direct Case in the above-referenced docket. Nothing in the oppositions lends any credence to the proposition that Ameritech did not demonstrate that its rates are reasonable and were calculated in a manner consistent with the Commission's Rules and orders.

I. AMERITECH'S USE OF METHOD 2 TO RESTRUCTURE AND INCORPORATE COST CHANGES IS APPROPRIATE

The July 19, 1993, Order Designating Issues for Investigation (the "Designation Order") requested comments on the two methods used by price cap LECs, plus an alternative method, to adjust the Price Cap Index (PCI) for the restructure and exogenous cost change.

Commentors have raised issues as to the appropriateness of Method 2. For example, AT&T indicates (at p. 6) that Method 3 is the most desirable approach, because it is less complex than the other two alternatives, and it does not create unintended pricing flexibility in existing service categories. For that reason, AT&T asks that those LECs who utilized other Methods be required to use

¹ Ameritech refers to Ameritech Illinois, Ameritech Indiana, Ameritech Ohio, Ameritech Michigan and Ameritech Wisconsin.

Method 3 (*Id.*). MCI agreed with AT&T's assessment, but asks for a "blanket waiver" of the Commission's price cap rules to enable the Commission to direct the LECs to use Method 3 (at pp. 40-41).

Ameritech does not disagree that Method 3 is a reasonable approach to adjusting service band limits. However, Method 3 is not consistent with the Commission's current price cap rules. Method 2 -- the Method utilized by Ameritech in its Direct Case -- is consistent with the current price cap rules. The Commission may want to consider, with the benefit of more information than is available in this record, modifying its price cap rules to specify the use of a different Method on a "going forward" basis. Ameritech, in the interim, must comply in this docket with the rules currently in force.

AT&T goes on to indicate (at p. 15) that Ameritech improperly used levelized demand over a five-year period to compute its exogenous costs. Ameritech used levelized demand and levelized costs over the five-year period to calculate the exogenous cost amount. This was done to reflect a cost change that is consistent for a longer term. If the costs for only the first year were used, the unit cost would have been substantially higher than the levelized unit costs, due to the significant up-front expenditures.

II. AMERITECH'S SUPPLEMENTAL FILING IS
ACCURATE AND SUPPORTS ITS INITIAL FILING

Several commentators allege that Ameritech failed to comply with the requirements of the Designation Order, because the Supplement to Ameritech's Direct Case filed on March 15, 1994, did not contain a revised Appendix B (Ad Hoc at , National Data at 5). Ameritech did, in fact, comply with the Designation Order. In the Supplemental Description and Justification, Ameritech clearly indicates at the outset that its manually revised cost support demonstrates the validity of the originally filed cost data utilizing the CCSCIS model. Because of the negligible difference in the calculation of network costs under the two approaches, Ameritech saw no need to provide a revised Appendix B, and no party to these proceedings has demonstrated that it was precluded from adequately reviewing Ameritech's cost support because of the lack of a revised Exhibit B.

Some of the commentators also raise issue with Ameritech's explicit recognition in its Supplement that, without being able to use the CCSCIS model because of the proprietary vendor information embedded therein, Ameritech was forced to make assumptions about the additional processing costs associated with a vertical query (Supplement at 2). As Ameritech indicated in its Supplement and in the Application for Review of the January 31, 1994 Bureau Order, the cost components for basic 800 queries and vertical 800 queries are essentially identical; the only cost difference relates to the increased SCP processing time required to retrieve additional instructions and information from the database record. Since the SCP processing time is proprietary information of the SCP vendor, Ameritech could not identify the exact difference in processing time, and then perform a more precise cost allocation based on relative use of the SCP, without having to disclose this vendor proprietary information on the record. Since Ameritech was not authorized by the vendors to disclose this information, Ameritech chose the only alternative -- to make a reasonable estimate for additional processing time required for a vertical 800 query.

III. AMERITECH'S 800 DATABASE EXOGENOUS COSTS ARE REASONABLE AND CONSISTENT WITH THE 800 RATE STRUCTURE ORDER

The Commission stated in its 800 Rate Structure Order that it is appropriate to allow the LECs "to treat as exogenous the reasonable costs they incurred specifically for the implementation and operation of the basic 800 Database Service required by the Commission orders." Several commentators have cited concerns about the appropriateness of exogenous treatment for costs of translations changes, Signaling Switching Point (SSP) functionality, and software enhancements. Ameritech has appropriately identified and included only those exogenous costs which were alluded to in the 800 Rate Structure Order.

A. LECs Should be Allowed Exogenous Treatment
for Other Costs Specific to 800 Database Service

Some commentators argue that Ameritech should not be allowed exogenous treatment for three-digit switch translations (Allnet at 5, MCI at 12). For example, Allnet's claims that the change from six-digit to three-digit screening was done for more than 800 Database Service (Allnet at 6) is wrong, as illustrated by their inability to identify another service that also benefits from this screening change. Three-digit translations are required only for 800 Database Service. MCI tries to

support this argument by claiming that services like those using service access codes (SACs) or Ameritech's Complementary 800 Service benefit from the switch translations. These arguments are wrong, also. Translation work for SS7 deployment or for POTS type services are separate and unique from, and are not affected by, 800 Database Service. Ameritech's Complementary 800 Service utilized six-digit screening until mandatory 800 Database Service was implemented. Therefore, six-digit to three-digit translations were required only to implement 800 Database Service, and should receive exogenous treatment.

Allnet (at 3-4) and MCI (at 8, 12) argue that SSP costs should be disallowed based on Ameritech's concession that it could identify no costs associated with SSPs or that some LECs did not include any SSP costs in their filings. The former point is a gross mischaracterization of what Ameritech stated in its Direct Case, and the latter point has no bearing on whether an item should be allowed exogenous treatment. What Ameritech said was that the SSP Right to Use fees should receive exogenous treatment, but that Ameritech was unable to identify and include their 800 Database Service specific software costs, because its SSP vendor software agreements preclude identification of software on a per-office, per-feature basis (Direct Case, Appendix A, at 3-4). This was not intended to infer that the software cost is non-existent, as Allnet and MCI suggest.

Ameritech agrees with the commentators who argue that exogenous costs should include only the excess of 800 database costs over the cost savings which will flow from the increased network efficiencies of SS7 (Ad Hoc at 5). Network efficiencies are in fact afforded by equipping end offices with 800 database software. The same cannot be said, however, of the access tandem. In order to access the 800 Database, the access tandem, at a minimum, must be equipped with the 800 database software. As such, Ameritech believes it is within the Commission's 800 Rate Structure Order to include the cost for equipping Ameritech's access tandems with the 800 database software. The list price for this conversion is \$2.2 million.

MCI (at 11) and others argue that inclusion of SSP "signaling processing" is misplaced. The processing of a call at the SSP, as Ameritech indicated in its Direct Case, is a function of every SS7 call, but the processing of the 800 database call is separate and distinct from that of a typical call. In the case of a 800 database call,

the SSP must suspend the call and route a query to the 800 database for carrier identification before the call can be handled in accordance with the routing instructions. The incremental investment that is identified is specific to the processing of the 800 database call. Since this processing investment is capacity related, it represents the advancement of the purchase of processor and SS7 capacity as a result of providing 800 Database Service. This additional capacity would not be required as soon if 800 Database Service were not implemented.

MCI's position that current and future manufacturer's computer software support and maintenance for the SCP front- and back-end computers must be allocated among future services (MCI at 12) is also unfounded. As Ameritech indicated in its Direct Case (at Attachment I, Item 9, and Attachment III), plans for the SCP include only LIDB/CNAM and 800 Database Service usage.

B. Costs Incurred Solely to Meet the Commission's Access Time Standards Were not Included in Ameritech's Exogenous Costs

As Ameritech indicated in its Direct Case (at 9), Ameritech only included in its 800 Database Service rates those costs that are specific to the implementation and operation of 800 Database Service. As such, none of the SS7 infrastructure, like Local STPs and their associated links, were included in the development of exogenous costs.

C. Ameritech Properly Allocated Costs Jurisdictionally

Sprint raised questions about the disparity among the LECs as to their allocation of investment among jurisdictions (Sprint at 6). Ameritech's allocation among interstate and intrastate was actually 74.8% and 25.2%, respectively. This allocation was developed using carriers reported percent interstate use (PIU) information. The unit cost for 800 Database Service was based on a forecast of total 800 database busy hour queries. In the data supplied in the Direct Case, Ameritech used the actual separations factors, as prescribed by Part 36, that would be used to separate the investment as categorized. The Part 36 jurisdictional results were not intended to represent the jurisdictionally-split 800 Database Service, but were to illustrate the result when processed through the separations process.

IV. AMERITECH'S TERMS AND CONDITIONS ARE CLEAR, REASONABLE AND CONSISTENT WITH THE COMMUNICATIONS ACT

A. A Charge Should Be Assessed for Undelivered Calls

Some commentators challenged the appropriateness of a 800 query charge where the underlying call is not completed. Ameritech incurs a cost for a query in a variety of circumstances where the underlying call is not completed. For example, queries are launched where a customer dials a non-working 800 number, calls are placed from an out-of-band location, or calls are abandoned prior to completion. The cost of these queries are part of the cost associated with 800 Database Service. Ameritech appropriately recovers costs for all queries based on cost causation. To do otherwise would inappropriately shift costs away from the cost causer.

B. Ameritech's Basic 800 Query Includes Area of Service Routing

Sprint raises a question as to what area of service routing is basic (Sprint at 2-3). As Ameritech has consistently stated, all area of service routing based on an NPA-NXX or larger area is considered basic. It is only when an area of service is smaller than an NPA-NXX, as when the area of service is NPA-NXX-XXXX, that it is treated as a vertical service.

V. CONCLUSION

Based upon the record in this docket, the Commission should conclude that Ameritech's tariff terms, conditions and rates are just and reasonable, that the tariff may stand as filed, and that it warrants no further investigation.

Respectfully submitted,

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Date: May 10, 1994

CERTIFICATE OF SERVICE

I, Audrey L. Hankel, do hereby certify that a copy of the **REPLY TO OPPOSITIONS TO THE DIRECT CASE OF AMERITECH** has been mailed this 10th day of May, 1994, by first-class mail, postage prepaid, to parties on the attached service list.

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